

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

July 19, 2005

IN RE:

**JOINT APPLICATION OF MATRIX TELECOM, INC. AND
GLOBAL CROSSING TELECOMMUNICATIONS, INC.,
GLOBAL CROSSING LOCAL SERVICES, INC. AND
GLOBAL CROSSING TELEMAGEMENT, INC. FOR
EXPEDITED APPROVAL OF THE TRANSFER OF
CERTAIN ASSETS AND A WAIVER OF APPLICABLE
ANTI-SLAMMING REGULATIONS**

**DOCKET NO.
05-00094**

ORDER APPROVING CUSTOMER NOTIFICATION LETTER

This matter came before Chairman Pat Miller, Director Deborah Taylor Tate and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on June 13, 2005 for consideration of the *Joint Application* filed by Matrix Telecom, Inc. ("Matrix"), Global Crossing Telecommunications, Inc. ("Global Crossing"), Global Crossing Local Services, Inc. ("Global Local") and Global Crossing Telemagement, Inc. ("Global Telemagement") (together with Matrix, Global Crossing, Global Local and Global Telemagement, the "Applicants") for TRA approval of a transfer of customer base from Global Telemagement to Matrix.

The Joint Application

Matrix is a Texas corporation that provides domestic and international long distance services to business and residential customers throughout the United States. By an order dated October 13, 1995 in TRA Docket No. 95-03215, Matrix received a Certificate of Public

Convenience and Necessity ("CCN"), authorizing it to provide intrastate interexchange telecommunications within the State of Tennessee

Global Crossing¹ is a Michigan company providing voice and data services to business customers throughout the United States. Global Crossing received its CCN as an operator service provider and seller of telecommunications services in Tennessee by an order dated November 3, 1998 in TRA Docket No. 98-00675. Global Local² is a Delaware corporation that provides facilities-based competitive local exchange services in various locations throughout the United States. Global Local received a CCN to provide its services in Tennessee from the Authority on November 18, 1999 in TRA Docket No. 99-00120. Global Telemanagement³ is a Wisconsin corporation that provides resale-based competitive local exchange services in various locations throughout the United States. Global Telemanagement received a CCN to provide operator services and services as a reseller of telecommunications services in Tennessee from the Authority pursuant to an order dated July 2, 1998 in TRA Docket No. 99-00877.

On April 1, 2005, the Applicants filed the *Joint Application* seeking the TRA's approval of a transfer of customer base from Global Telemanagement to Matrix. The Applicants have submitted, along with their Joint Application, a customer notification letter for Authority approval. The Applicants also requested a waiver of the applicable slamming rules, to the extent required.

The proposed transaction will result in Matrix serving Global Telemanagement's Small Business Group customer base, and Global Telemanagement will continue to serve

¹ Pursuant to an order dated June 14, 2000 in TRA Docket No. 00-00482, Frontier Communications Services, Inc. changed its name to Global Crossing Telecommunications, Inc.

² Pursuant to an order dated August 1, 2000 in TRA Docket No. 00-00595, Frontier Local Services, Inc. changed its name to Global Crossing Local Services, Inc.

³ Pursuant to an order dated December 7, 1999 in TRA Docket No. 99-00877, Frontier Telemanagement, Inc. changed its name to Global Crossing Telemanagement, Inc.

those customers not previously served by its Small Business Group. Thus, Global Telemanagement will retain its authority to provide telecommunications services in Tennessee in order to serve the customers it retains.

According to the *Joint Application*, a grant of the proposed transaction will serve the public interest by promoting competition in the intrastate inter-exchange and local telecommunications market. The *Joint Application* states that the transaction will not result in a change in rates, terms or conditions of service to the Small Business Group customers. The Applicants assert that approval of the transfer will permit Matrix to realize significant economic and marketing efficiencies which will enhance its ability to continue providing high quality, low cost telecommunications services and to compete more effectively in the telecommunications market. The *Joint Application* states that the proposed acquisition will benefit customers through improved service and lower rates, thereby promoting competition in the telecommunications market.

The June 13, 2005 Authority Conference

The Parties submitted their *Joint Application* pursuant to Tenn. Code Ann. § 65-4-112 (2004). Tenn. Code Ann. § 65-4-112(a) (2004) governs TRA approval of mergers or consolidations between two or more public utilities holding CCNs in the State of Tennessee. It provides as follows.

No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights, and franchises of any other such public utility of like character shall be valid until approved by the [A]uthority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state

That provision is not applicable here. A transfer of customer base is governed by TRA Rule 1220-4-2- 56(2)(d). That Rule provides that sufficient notice has been given to affected customers when the following criteria have been met.

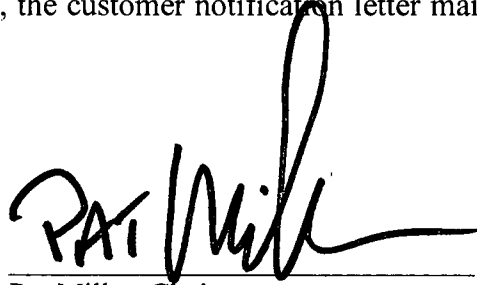
- 2 A notification letter, pre-approved by the Authority, shall be sent by the current provider of telecommunications service to its customers describing the customer transfer and explaining that the customers' local or long distance service will be transferred to the acquiring telecommunications service provider by a date specified in the notification letter unless the customer selects another telecommunications service provider. The notification letter shall be mailed by U.S. First Class Postage, with the logo or name of the current provider displayed on both the letterhead and the exterior envelope, no less than thirty (30) days prior to the actual customer transfer. For good cause shown, the Authority may waive any requirement of 1220-4-2-.56(2)(d)(2) or order any requirement thereof to be fulfilled by the acquiring provider. Good cause includes, among other things, evidence that the current provider is no longer providing service in Tennessee.
3. The acquiring telecommunications service provider agrees to pay any fees charged to the customer associated with changing service to the acquiring telecommunications service provider. The notification letter required in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision.
- 4 The acquiring telecommunications service provider agrees to provide to the affected customers a thirty (30) day written notice of any rate increase that may affect their service up to ninety (90) days from the date of the transfer of customers. The notification letter mentioned in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision

At the regularly scheduled June 13, 2005 Authority Conference, the panel noted the applicability of TRA Rule 1220-4-2- 56(2)(d) and found that it was not necessary to address the Applicants' request for a waiver of the applicable slamming rules. By complying with TRA Rule 1220-4-2-.56(2)(d), the Applicants have complied with the Authority's slamming rules governing a transfer of customer base. Subsequently, the panel voted unanimously to approve the customer notice letter previously mailed to customers contingent upon approval by the Federal Communications Commission ⁴

⁴ According to a Data Response received from the Applicants, the customer notification letters were mailed to customers on April 13, 2005

IT IS THEREFORE ORDERED THAT:

1. The *Joint Application* is approved contingent upon approval by the Federal Communications Commission.
2. Pursuant to TRA Rule 1220-4-2-.56(2)(d), the customer notification letter mailed to customers on April 13, 2005 is approved.



Pat Miller, Chairman



Deborah Taylor Tate, Director



Sara Kyle, Director